

Robert W. Seiden

Court-Appointed Temporary Receiver for Link Motion Inc. Pursuant to The Honorable Judge Victor Marrero of the United States District Court, Southern District of New York

469 7th Avenue, 5th Floor
New York, NY 10036
Tel: (646) 7661724
Email: rseiden@seidenlawgroup.com

March 2, 2021

VIA ECF

Honorable Debra C. Freeman
Magistrate Judge
United States Courthouse
500 Pearl Street
New York, New York 10007

Re: *Baliga v. Link Motion Inc. et al.*, 1:18-cv-11642 (S.D.N.Y.) (VM) (DCF)

Dear Magistrate Judge Freeman:

I write to inform the Court of a material development pursuant to the Receiver's obligations under Judge Marrero's Order appointing me as the Temporary Receiver over Link Motion Inc. ("Receivership Order") (ECF 26).

On February 1, 2019, the Honorable Judge Victor Marrero appointed the Receiver and directed the Receiver to, among other things, "(iv) immediately halt Defendant Shi's oversight of the dispute and arbitration between the Company and Zhongzhi; and (v) ensure that litigation or arbitration matters are directed and controlled by the Company's lawyers, the appointed Receiver, and/or the non-conflicted board members as directed by the Receiver." *See* Receivership Order at paragraph I (2).

As outlined above and in accordance with the Receiver's powers under the Receivership Order to "commence, continue, join in, and/or control any action, suit, arbitration or proceeding of any kind or nature, in the name of the Company or otherwise" (*see* Receivership Order at paragraph II (2) (e)), the Receiver's legal counsel appeared in and defended the arbitration (the "Arbitration") that was brought by Zhongzhi Hi-Tech Overseas Investment Ltd. ("Zhongzhi") against Link Motion Inc. before the Hong Kong International Arbitration Tribunal. In the Arbitration, Zhongzhi sought to recover the approximately \$137 million unpaid balance of a convertible note (the "Note") issued to Link Motion that became due in October 2018. The Receiver's counsel asserted counterclaims against Zhongzhi in the Arbitration, including a claim that Zhongzhi aided and abetted Dr. Shi in breaching his fiduciary duties to Link Motion by causing Link Motion to sign two agreements (the "Pledge Agreements") in September 2018 that pledged substantially all of its assets to Zhongzhi for no consideration.

On February 16, 2021, following extensive pre-hearing briefing, an evidentiary hearing, and post-hearing briefing, the Tribunal in the Arbitration issued its Final Award. *See* Exhibit 1.

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The Final Award, in relevant part, awards Zhongzhi the unpaid balance of the Note, but also finds that Zhongzhi aided and abetted breaches of fiduciary duty by Dr. Shi and rescinds the Pledge Agreements in their entirety.

In accordance with the Receiver's duties to "provide interim reports to the Court every six months from the date of this Order, or as otherwise directed by the Court or as the Receiver deems appropriate under the circumstances[,]" (*see* Receivership Order at paragraph II (8)) the Receiver is hereby filing the Final Award as Exhibit 1 to this letter.

Please do not hesitate to contact me via email or telephone if your Honor wishes to discuss this matter in further detail.

Sincerely,

Robert Seiden

Robert W. Seiden, Esq.
Court-Appointed Temporary Receiver
for Link Motion Inc